United Nations A/C.5/60/SR.54

General Assembly
Sixtieth session

Official Records

Distr.: General
28 June 2006

Original: English

Fifth Committee

Summary record of the 54th meeting
Held at Headquarters, New York, on Thursday, 25 May 2006, at 10 a.m.

Chairman: Mr. Ashe (Antigua and Barbuda)

Contents

Agenda item 129: Human resources management (*continued*)

Agenda item 136: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

Staffing of field missions, including the use of 300- and 100-series appointments (*continued*)

Agenda item 136: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

06-36199 (E)

The meeting was called to order at 10.05 a.m.

Agenda item 129: Human resources management (*continued*)

Agenda item 136: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

Staffing of field missions, including the use of 300- and 100-series appointments (*continued*) (A/60/698 and Corr.1 and Corr.2 and A/60/851)

1. **The Chairman** drew attention to a corrigendum to the report of the Secretary-General on staffing of field missions, including the use of 300- and 100-series appointments (A/60/698/Corr.2).

Agenda item 136: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*) (A/60/681 and Corr.1 and Add.1, A/60/682, A/60/699, A/60/700, A/60/711, A/60/713, A/60/715, A/60/717, A/60/720 and Add.1, A/60/727, A/60/787, A/60/807 and A/60/856)

2. **Mr. Karia** (Director of the Accounts Division, Office of Programme Planning, Budget and Accounts) presented a written response to questions raised by delegations regarding the Organization's fact-finding into allegations of procurement irregularities. He said that a question had been raised about the extent to which the Office of Internal Oversight Services (OIOS) had been aware of the delegation of procurement authority by the Department of Management to the Department of Peacekeeping Operations. Procurement authority had been delegated to the Assistant Secretary-General for Peacekeeping Operations in the Office of Mission Support on 7 June 2005. On 8 August 2005, a senior procurement officer had pleaded guilty in a United States federal court to criminal charges in connection with the performance of his duties at the United Nations. The OIOS management audit of procurement activities covered the period from 2000 to September 2005. Thus, the procurement activity examined by OIOS had been under the direct responsibility of the Assistant Secretary-General for Central Support Services for the first 65 months of that period, and had been delegated to the Department of Peacekeeping Operations for the remaining two and a half months.

3. The procurement activity for which the Department of Peacekeeping Operations had had responsibility had been limited to procurement in the field of up to $200,000 for non-core requirements and up to $1 million for core requirements related to peacekeeping activities in the field.

4. In 2005, the total value of procurement conducted by peacekeeping missions had been $837.6 million. Peacekeeping missions had procured a total of approximately $175 million during the period in which authority had been delegated to the Department. Some of the procurement actions in the field, however, had been under systems contracts already established by the Procurement Service at Headquarters. Items had also been procured subject to the approval of the Headquarters Committee on Contracts, which, until the disclosure of the corruption scandal, had reported to the Assistant Secretary-General for Central Support Services. The total value of goods procured under the Department's authority during the period reviewed by OIOS had amounted to approximately $125 million. Over the entire period of the OIOS audit (from 2000 to September 2005), the Assistant Secretary-General for Central Support Services had been responsible for more than 95 per cent of all transactions.

5. Another issue raised concerned the shortage of staff in the Procurement Service. A review of the budgetary requests submitted by the Procurement Service to the Office of Programme Planning, Budget and Accounts in the last three periods showed that the Secretary-General's proposals had fully reflected the requested increases for 2006/07 and 2005/06. With respect to the 2004/05 requests, five out of six proposals for new posts had been submitted by the Office, and four of them had been supported by the Committee. The Office had not fully supported the Procurement Service requests only during the 2003/04 and prior periods. However, that had been a time of general stringency with respect to all support account requests.

6. There had also been questions concerning the reasons for hiring a consulting firm to conduct an audit study on procurement activities. On 15 August 2005, on instructions from the Secretary-General, direct responsibility for the Procurement Service had been withdrawn from the Assistant Secretary-General for Central Support Services and temporarily entrusted to the Controller. On 2 September 2005, the Secretary-General had approved a review of the control

06-36199

environment within the Procurement Service to be conducted by one of the firms already under contract with the United Nations Development Programme. After a competitive process, Deloitte Consulting LLP had been selected. The firm had begun its review on 4 October 2005 and completed its work on 30 November 2005. Its report had been submitted to the Secretary-General on 1 December 2005. During the study, dozens of procurement professionals had been interviewed, including the Assistant Secretary-General.

7. The Deloitte report had found, inter alia, that, given the system control deficiencies within the Procurement Service, procurement staff members effectively constituted the only controls in place; that such significant reliance on people left the United Nations extremely vulnerable to potential fraudulent or corrupt activity and provided it with limited means to prevent or detect such actions and that procurement staff members lacked sufficient professional development support and training in procurement processes.

8. In response to the observation that several reports prior to the Deloitte report had not unearthed any wrongdoing within the Procurement Service, he said that the existence of prior reports that had not uncovered a lack of internal controls did not diminish the validity of those later findings, particularly as the study had been conducted in the wake of the guilty plea by a senior procurement officer and the indications of procurement fraud uncovered by the Independent Inquiry Committee.

9. In reply to the question as to whether the significant weaknesses identified by Deloitte had also been found in the OIOS audits conducted in 2004, he said that those prior audits had been transaction-based and, as such, had not directly addressed system and control issues. Only through a direct audit of systems and controls had it been possible to clearly identify structural weaknesses within the procurement system.

10. It had been asked why the ongoing investigations of eight staff members placed on administrative leave were taking such a long time to complete, and doubts had been expressed as to whether there was any wrongdoing to be found. The procurement task force established by OIOS had more than 500 cases to investigate. In order to ensure the integrity of its findings, OIOS was determined to conduct full and fair investigations and to pursue any allegations of corruption in the United Nations.

11. It had been suggested that certain senior managers had been allowed to create a myth of pervasive corruption in the United Nations. In response, he said that the investigations of the procurement task force included whistleblower complaints relating to procurement. In the wake of the problems with the oil-for-food programme, the only responsible thing to do was to investigate all allegations of wrongdoing and corruption, particularly since an independent investigatory and audit body had found significant indicators of widespread corruption. The investigation must be allowed to run its course and should not be a subject of public debate. Any Member State that had relevant evidence or information should share it with the investigators.

12. Lastly, a question had been raised concerning the conduct of a forensic review of past procurement transactions. There had been initial plans to engage an outside contractor, but, as OIOS had also been investigating numerous procurement cases, it had not been feasible to start the forensic audit at the same time. Meanwhile, the Secretariat was analysing procurement data to identify any anomalies for further review. As there was a large volume of transactions worth hundreds of millions of dollars, a forensic review might still be required to ensure that the past transactions had been conducted properly. Any procurement for such a review would follow appropriate established procedures.

13. **The Chairman** noted that the meeting had taken some 10 minutes and had cost the United Nations approximately $2,000.

14. **Mr. Berti Oliva** (Cuba) said that the meeting had been requested for a specific purpose. It was unnecessary to comment on the amount of money that had been spent, particularly in the light of the fact that the meeting had been convened at the request of a particular delegation. As he had arrived late, he would appreciate clarification of whether the statement made by the representative of the Office of Programme Planning, Budget and Accounts was related to the request made at the previous meeting by the delegations of Egypt, Singapore and the United States of America.

15. **The Chairman** said that, as requested, the Director of the Accounts Division of the Office of

Programme Planning, Budget and Accounts had responded, in formal session, to the questions posed at the previous meeting by the delegations that the Cuban delegation had identified.

The meeting rose at 10.20 a.m.